

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  MIDAMERICAN SERVICES COMPANY	DOCKET NO. WRU-00-3-156
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**ORDER DENYING WAIVER REQUEST**

(Issued May 16, 2000)

On January 7, 2000, MidAmerican Services Company (MidAmerican Services) filed with the Utilities Board a request to waive 199 IAC 20.3(1)"b." Subparagraph "b" provides as follows:

All electricity delivered to multioccupancy premises where units are separately rented or owned shall be sold by a utility on the basis of individual meter measurement for each unit except for that electricity used in centralized heating, cooling, water heating or ventilation systems, where individual metering is impractical, where a facility is designated for elderly or handicapped persons and utility costs constitute part of the operating cost and are not apportioned to individual tenants, or where submetering or resale of service was permitted prior to 1966.

In support of its request, MidAmerican Services stated it owns and operates energy infrastructures for commercial and industrial customers. This service is trademarked as Total Managed Solutions (TMS), which involves owning and maintaining the mechanical components of the infrastructure, as well as supplying the energy needed to operate the system. MidAmerican Services contended the

consumer is paying for the end product. MidAmerican Services referenced examples of the end product as a specific space temperature and level of lighting.

MidAmerican Services proposed to provide the TMS services to Cardinal Investment (Cardinal) for a multi-occupancy facility constructed by Cardinal at 2000 James Street, Coralville, Iowa. The facility is a 59,000 square-foot office building which is designed for multi-occupancy, light commercial office, and warehouse use. The initial design could accommodate up to 30 tenants, each with approximately 900 square feet of office space and a total warehouse space of 32,000 square feet. MidAmerican Services will own, operate, and maintain the high efficiency central heating, ventilation, air conditioning and lighting systems. MidAmerican Services stated the compensation for providing conditioned air and lumens of light will be on the basis of a fixed monthly fee.

MidAmerican Services asserted that the contract between Cardinal and MidAmerican Services results in MidAmerican Services being the customer of record for electric and natural gas utility service at the location. Services contended it will be responsible for payment of electric and gas bills, and not act as an agent for Cardinal. Cardinal will pay MidAmerican Services a fixed monthly fee for conditioned air at a certain temperature and a certain lumen light level for the facility. The computation of the fixed monthly fee includes ownership costs for the HVAC and lighting systems, maintenance costs for the physical plant, and costs representing one-twelfth of the estimated annualized electric and gas bill. The estimate for the

annualized electric and gas bill includes HVAC, lighting, and plug load and will be calculated by modeling the facility's energy usage.

The petition stated that Cardinal will charge its tenants a flat amount, which will not vary as a result of changes in energy bills. The tenants will pay Cardinal a fixed rental amount without any energy surcharge.

MidAmerican Services contended that individual metering of plug load and lighting usage will not result in tenants employing any significant energy savings practices. MidAmerican Services stated the plug load used to operate computers, copy machines, fax machines, etc., represents only 2.6 percent of the tenant's overall electrical load and is the least amenable to significant energy savings. MidAmerican Services argued that there is no additional benefit realized by requiring individual metering of tenants.

MidAmerican Services filed a proposed master energy services agreement on February 24, 2000, relating to its request for waiver and requested it be held confidential. Board staff requested the agreement so they could fully evaluate the waiver request. On April 3, 2000, the Board issued an order granting the request for confidentiality.

The Board has reviewed MidAmerican Services' petition and the proposed agreement. In its petition, MidAmerican Services contended that it will bill Cardinal a flat fee each month which would include all charges and would not vary as a result of changes in energy bills. The proposed agreement between MidAmerican Services and Cardinal is contrary to this assertion. The fee structure in the proposed

agreement constitutes resale. Resale of service is prohibited by current paragraph "b" of subrule 20.3(1) and is also a prohibited practice in the Board's February 15, 2000, proposed rules in docket No. RMU-00-04, Individual Meter Measurement. Therefore, the Board will deny MidAmerican Services request for waiver. The Board does, however, recognize the agreement filed by MidAmerican Services is merely proposed, not final. If the agreement with Cardinal were drafted in accordance with the terms MidAmerican Services represented in its petition, reselling would no longer be an issue.

**IT IS THEREFORE ORDERED:**

The request for waiver of 199 IAC 20.3(1)"b" filed by MidAmerican Services Company on January 7, 2000, and amended on February 24, 2000, is denied.

**UTILITIES BOARD**

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Raymond K. Vawter, Jr.  
Executive Secretary

/s/ Diane Munns

Dated at Des Moines, Iowa, this 16<sup>th</sup> day of May, 2000.